

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11
ULTIMATE ELECTRONICS, INC., et al., : Case No. 05-10104 (PJW)
Debtors. : Jointly Administered
----- x Related Docket No. 215

**ORDER GRANTING RELIEF FROM THE AUTOMATIC
STAY TO ALLOW MEDIATION AND SETTLEMENT OF
SECURITIES LITIGATION WITH RESPECT TO CLAIMS
AGAINST CERTAIN FORMER OFFICERS AND DIRECTORS**

Upon the February 17, 2005 motion (the "Motion")¹ of the above-captioned debtors and debtors-in-possession in the above-captioned cases (the "Debtors") for an order for relief from the automatic stay, to the extent applicable, to allow the D&O Defendants to conduct mediation with and enter into a settlement with the Plaintiffs in the Securities Action; and the Court having determined that the relief requested in the Motion is in the best interest of the Debtors, their estates, their creditors, and other parties-in-interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary;

¹ Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Motion.


and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED.
2. The automatic stay is hereby modified, to the extent applicable, to allow the D&O Defendants and the Plaintiffs to proceed with mediation provided that there shall be no cost or expense incurred by any of the Debtors and/or their estates in connection with such mediation.
3. The automatic stay is hereby further modified to permit the D&O Defendants to enter into a settlement with the Plaintiffs in the Securities Action provided that there shall be no cost or expense incurred by any of the Debtors and/or their estates in connection with the negotiation and/or entry into such settlement.
4. This Order shall not constitute relief from the automatic stay to allow the Plaintiffs to proceed to a judgment in the Securities Action against the D&O Defendants.
5. The D&O Defendants reserve all rights and defenses that they would otherwise have.

6. This Order shall not constitute relief from the automatic stay to allow the Plaintiffs to take any actions with respect to the Debtors, except as set forth herein, and the Securities Action shall remain stayed against the Debtors.

Dated: Wilmington, Delaware
March 7, 2005



Honorable Peter J. Walsh
United States Bankruptcy Judge